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3/18/2002

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

OMB APPROVAL  
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Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01-01-01 AND ENDING 12-31-01  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Franklin Capital, Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5263 Cresthaven H Building

(No. and Street)

West Palm Beach

Florida

33415

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ronald G Handloser

(407) 967-9557

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Beale, James K. CPA

(Name — if individual, state last, first, middle name)

1110 Catalpa

Royal Oak

MI

48067

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

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FINANCIAL

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

3/24/02  
S.S.

## OATH OR AFFIRMATION

I, Ronald G. Handloser, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Franklin Capital, Inc., as of December 31, 19 2001, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Ronald G. Handloser  
Signature

President  
Title

Lisa Main  
Notary Public

LISA MAIN  
Notary Public, Wayne County, MI  
My Commission Expires 3/22/2004

This report\*\* contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT PART IIA

**BROKER OR DEALER**     Franklin Capital, Inc.

as of December 31, 2001

## COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....	\$ 40,464.	34
2. Deduct ownership equity not allowable for Net Capital.....		34
3. Total ownership equity qualified for Net Capital.....	40,464	35
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....		35
B. Other (deductions) or allowable credits (List).....		35
5. Total capital and allowable subordinated liabilities.....	\$ 40,464	35
6. Deductions and/or charges:		
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$	3540	
B. Secured demand note deficiency.....	3590	
C. Commodity futures contracts and spot commodities- proprietary capital charges.....	3600	
D. Other deductions and/or charges.....	3610	36
7. Other additions and/or allowable credits (List).....		36
8. Net capital before haircuts on securities positions.....	\$ 40,464	36
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):		
A. Contractual securities commitments.....	\$ 3660	
B. Subordinated securities borrowings.....	3670	
C. Trading and investment securities:		
1. Exempted securities.....	3735	
2. Debt securities.....	3733	
3. Options.....	3730	
4. Other securities.....	3734	
D. Undue Concentration.....	3850	
E. Other (List)..... Haircut (2% reduction of M/M).....	1,065	37
10. Net Capital.....	\$ 39,399	37

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There were no material differences between the audited computation of net capital and the net capital computed above.

James K. Beale, CPA

## Statement of Exemption from Computation of Reserve Requirements

Franklin Capital, Inc. claims exemption from SEC rule 15c3-3 which requires a computation of reserve requirements. Franklin Capital, Inc. is a non-clearing broker-dealer and does not carry customer's accounts on its books. In the audit conducted for Franklin Capital, Inc. for the year ended December 31, 2001, dated February 15, 2002 no customer accounts appeared on the books of Franklin Capital, Inc. The proper controls and procedures are in place to qualify for this exemption.

## Supplemental Report on Material Inadequacies

In the course of the independent public accountant's tests of the accounting system and the internal control procedures, no matters were considered to be material weaknesses. The period covered was the year ended December 31, 2001.

**James K. Beale, CPA**

1110 CATALPA DRIVE  
ROYAL OAK, MICHIGAN 48067

Telephone 248-547-1430

**INDEPENDENT AUDITOR'S REPORT**

MAR 05 2002

SECTION  
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TO THE SHAREHOLDERS OF  
FRANKLIN CAPITAL, INC.

In my opinion, the accompanying Balance Sheet as of December 31, 2001 and the related Statements of Income, Retained Earnings, and Cash Flows present fairly, in all material respects, the financial position of Franklin Capital, Inc. at December 31, 2001 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit of these financial statements in accordance with generally accepted auditing standards which require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the opinion expressed above.

February 15, 2002

*James K Beale*

## BALANCE SHEET

FRANKLIN CAPITAL, INC.DECEMBER 31, 2001ASSETS

## CURRENT ASSETS:

Cash in bank (Note A)	\$ 4,373
Cash in Money Market fund (Note A)	<u>53,233</u>

TOTAL CURRENT ASSETS	57,606
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TOTAL ASSETS	<u>\$ 57,606</u>
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LIABILITIES AND STOCKHOLDER'S EQUITY

## CURRENT LIABILITIES:

Federal Income Tax Payable	\$ 131
Loan Payable - Stockholder (Note B)	<u>17,011</u>

TOTAL LIABILITIES	17,142
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## STOCKHOLDER'S EQUITY:

Capital Stock issued and outstanding	\$10,000
Retained Earnings	<u>30,464</u>

TOTAL STOCKHOLDER'S EQUITY	<u>40,464</u>
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TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 57,606</u>
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SEE ACCOMPANYING ACCOUNTANTS REPORT

JAMES K. BEALE, CPA - ROYAL OAK, MICHIGAN 48067

INCOME:

Commissions	\$3,845	
Interest	<u>1,743</u>	
TOTAL INCOME		\$ 5,588

EXPENSES:

Accounting and Auditing fees	650	
Assessments	600	
Office expense and Postage	425	
Report Filing fee	176	
Licenses	165	
Telephone	350	
Vehicle expense	2,070	
Travel and Entertainment	<u>560</u>	
TOTAL EXPENSES		<u>4,996</u>
Net Income before tax		592
Provision for tax		<u>131</u>
NET INCOME		\$ <u><u>461</u></u>

SEE ACCOMPANYING ACCOUNTANTS REPORT

JAMES K. BEALE, CPA - ROYAL OAK, MICHIGAN 48067

**STATEMENT OF RETAINED EARNINGS**  
**YEAR ENDED DECEMBER 31, 2001**

**FRANKLIN CAPITAL, INC.**

**RETAINED EARNINGS:**

Balance, December 31, 2000	\$ 30,003
Add: Net income for the year ended December 31, 2001	<u>461</u>
Balance, December 31, 2001	<u>\$ 30,464</u>

SEE ACCOMPANYING ACCOUNTANTS REPORT

JAMES K. BEALE, CPA - ROYAL OAK, MICHIGAN 48067

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 461
Changes in operating assets and liabilities:	
Federal income tax	<u>71</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	532
 Net increase in cash	 532
Cash at beginning of year, January 1, 2001	<u>57,074</u>
Cash at end of year, December 31, 2001	<u>\$ 57,606</u>

**NOTE A - SUMMARY OF ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. CASH EQUIVALENTS include cash and liquid investments with an original maturity of 90 days or less.

**NOTE B - LOAN PAYABLE - STOCKHOLDER**

The stockholder, Ronald Handloser, has advanced funds to the corporation for general working capital. The obligation is secured and payable on demand.